

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2017/2018

**BGM 2054 - GLOBAL MANAGEMENT**  
(All sections/ Groups)

9 MARCH 2018  
9:00 a.m – 11:00 a.m  
(2 Hours)

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### INSTRUCTIONS TO STUDENTS:

1. This question paper consists of **TWO** parts – Part A and Part B. The total number of pages for this examination paper is **9 pages** (including the cover page).
  
2. Please answer **ALL** questions.
  - **Part A** contains multiple choice questions (40 marks). Shade the most appropriate response on the multiple-choice answer sheet.
  
  - **Part B** contains short answer questions (60 marks). Write your answers in the Answer Booklet provided.

**PART A: MULTIPLE CHOICE (40 marks)**

**Read each question below and then indicate the most appropriate response on the multiple-choice answer sheet. (2 marks for each correct answer, for a total of 40 marks)**

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1. A country that has recently increased the portion of its national production and exports derived from industrial operations is called a (n) \_\_\_\_\_.
  - a. newly industrialized country (NIC)
  - b. developing country
  - c. emerging market
  - d. developed country
  
2. The value of all goods and services produced by a country's domestic and international activities over a one-year period is the country's \_\_\_\_\_.
  - a. gross domestic product (GDP)
  - b. gross world product (GWP)
  - c. gross national product (GNP)
  - d. gross state product (GSP)
  
3. A pure command economy is:
  - a. characterized by the "invisible hand" of market forces.
  - b. defined by a government taking the "commanding height" in the economy.
  - c. characterized by a government that only performs functions the private sector cannot perform.
  - d. characterized by innovation and entrepreneurial activities.
  
4. \_\_\_\_ are exclusive legal rights of authors and publishers to publish and disseminate their work.
  - a. Patents
  - b. Trademarks
  - c. Copyrights
  - d. Intellectual property rights

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5. When the U.S. asked Japan to impose voluntary export restraints (VER), limiting its export of cars to the U.S., in 1981 which of the followings below are unlikely the implication of VER:

- led Japan to open up manufacturing facilities in the United States.
- reducing imports of cars from Japan would lower demand for yen and strengthening the dollar against the yen.
- making other Japanese products cheaper in the United States.
- increasing imports of cars from Japan as a results of increasing import tariff.

6. When a company exports a product at a price that is lower than the price normally charged in its domestic market or lower than the cost of production, it is said to be \_\_\_\_\_.

- dumping
- non-tariff
- tariff
- anti-trust

7. \_\_\_\_\_ refers to the unwanted cultural influence in a nation that can cause great distress and lead governments to block imports it believes to be harmful.

- Cultural imperialism
- Cultural protectionism
- Voluntary Export Restraints
- Cross-culture

8. A(n) \_\_\_\_\_ requires member nations to harmonize their tax, monetary, and fiscal policies and create a common currency.

- customs union
- economic union
- free trade area
- common market

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9. When a country's currency is weak, the price of its \_\_\_\_\_.  
a. exports and imports on world markets declines  
b. exports and imports on world markets increases  
c. exports on world markets declines and the price of its imports increases.  
d. exports on world markets increases and the price of its imports declines

10. Which of the following stipulates that an identical product must have an identical price in all countries when the price is expressed in a common currency?  
a. Purchasing power parity  
b. The law of one price  
c. The comparative advantage theory  
d. The efficient market view

11. Which of the following terms best describes foreign direct investment?  
a. Directly investing in, controlling, and managing value-added activities in other countries.  
b. Directly investing in, controlling, and managing value-added activities in other markets.  
c. Directly investing in shares of multinational enterprise.  
d. Directly exporting products to other countries.

12. The main benefit of a global strategy is that it allows a company to \_\_\_\_\_.  
a. closely monitor buyer preferences in each local market  
b. save costs due to product and marketing standardization  
c. avoid either growth or retrenchment  
d. respond effectively to emerging buyer preferences

13. Which of the following is a disadvantage of the home replication strategy?  
a. It lacks local responsiveness.  
b. It is organizationally complex and difficult to implement.  
c. It focuses too much on the foreign country.  
d. It has higher costs due to duplication of efforts in multiple countries.

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14. A growth strategy is designed to \_\_\_\_\_.  
a. guard against change  
b. reduce the scale or scope of a corporation's operations  
c. increase the scale or scope of a corporation's operations  
d. mix growth, retrenchment, and stability strategies

15. Contractual entry modes include all of the following EXCEPT \_\_\_\_\_.  
a. franchising  
b. management contracts  
c. licensing  
d. strategic alliances

16. Which of the following normally takes the form of a wire transfer of money from the bank account of the importer directly to that of the exporter prior to shipment of merchandise?  
a. Documentary collection  
b. Barter  
c. Advance payment  
d. Open account

17. When a company selling a global consumer good, such as shampoo, can make an identical product for the global market and then simply design different packaging to account for the language spoken in each market. Companies can achieve further cost savings by keeping an ad's visual component the same for all markets but dubbing TV ads and translating print ads into local languages it is an example of marketing \_\_\_\_\_.  
a. customization  
b. segmentation  
c. standardisation  
d. differentiation

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18. Companies along a distribution channel that work together in delivering products to customers are called \_\_\_\_\_.

- subsidiaries
- intermediaries
- host countries
- parent companies

19. An important advantage of polycentric staffing is that it \_\_\_\_\_.

- re-creates local operations in the image of home-country operations
- eliminates the high cost of relocating expatriate managers and their families
- helps a company develop global managers who can adjust easily to any business environment
- employs managers from home who will look out for the company's interests

20. Mr. Yoshimura, vice president of quality control at Oshimura Yarn, has recently been assigned to a three-year project at the company's Tennessee, USA plant. Mr. Yoshimura has brought his wife and his three daughters with him from Yokohama to Tennessee. Mr. Yoshimura and his family were initially very excited to see Tennessee but soon started missing their home, relatives and friends in Japan. Mr. Yoshimura's daughters are extremely unhappy and have been complaining every night about their lifestyle in the United States. They insist on returning to Japan.

If Mr. Yoshimura gives in to his family members' pleas and decides to return home, which of the following will most likely be true about his experience?

- Culture shock
- Reverse culture shock
- Expatriate failure
- Cultural cringe

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## PART B: Short-Answer Questions (60 marks)

Part B has three (3) questions. Answer ALL questions.

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### Question 1 (20 marks)

The world's first Digital Free Trade Zone (DFTZ) was officially live on the 3<sup>rd</sup> November 2017 in Malaysia. The online launching of DFTZ marked more than 1,900 export-ready Small-Medium Enterprises (SMEs) onboard in DFTZ. DFTZ certainly provides enormous advantages to the participating SMEs in DFTZ. Michael Porter outlined that the competitive advantage of nations are dependent on several elements namely the demand condition, factors condition, related and supporting industry, firm strategy, structure and rivalry, government and chance.

Describe each competitive advantage element as described by Michael Porter and how these elements help to influence the growth of the Malaysian SMEs that are participated in the DFTZ.

You may draw a table to present your answers as illustrated below:

Competitive Advantage Elements	Descriptions on the competitive advantage elements (6 marks)	How the elements influence the growth of the participating SMEs in the DFTZ. (14 marks)
Demand condition		
Factor Condition		
Related and supporting industry		
Firm strategy, structure and rivalry.		
Government		
Chance		

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**Question 2 (20 marks)**

Classify and define the Hofstede dimensions that fits in each scenario below. Then, explain the dimension by relating your explanation to the given scenario.

**Scenario A**

Spanish employees feel confused about their tasks when they are not given formal planning and written manuals. There is no surprise that Spanish react with suspiciousness and confusion without hierarchical organizations and its clear definitions of responsibilities. Spanish employees prefer situations that are characterized with a high degree of certainty through control, rules and regulations.

**Scenario B**

Moving up the promotion ladder through long-term commitment such as understanding something built on humbleness, cost consciousness and learning from experience are values important to Swedish managers.

**Scenario C**

The society in China believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be differentiated and there is no defense against power abuse by superiors. Individuals are influenced by formal authority and sanctions and are in general optimistic about people's capacity for leadership and initiative. People should not have aspirations beyond their rank.

**Scenario D**

In Japan, you see that corporate employees are most motivated when they are fighting in a winning team against their competitors; they drive for excellence and perfection in their work. At workplace, it is a norm of hard and long working hours. It is still hard for women to climb up the corporate ladders in Japan.

(Source: <https://www.hofstede-insights.com/country-comparison/>)

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**Question 3 (20 marks)**

- a. Explain the location advantages of FDIs. Discuss the value of acquiring location advantages. (10 marks)
  
- b. Identify TWO (2) reasons why a home country might support outgoing foreign direct investments. (10 marks)

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